

Current report no. 40/2023

Date: 2023-10-30

ERBUD S.A.

Subject:

Conclusion of a mediation settlement with Mazowiecki Port Lotniczy Warszawa - Modlin sp. z o.o.

Legal basis:

Article 17(1) MAR - confidential information.

Report content:

The Management Board of ERBUD S.A. with its registered office in Warsaw (the "Issuer" or the "Company") hereby announces that, in connection with the proceedings for payment pending before the Regional Court in Warsaw (the "Court") (ref. XXVI GC 353/14), of which the Company reported in the Current Report No. 18/2014 of May 5, 2014 (the "Proceedings"), the Issuer on October 30, 2023 concluded before a mediator a settlement agreement (the "Settlement Agreement", "Agreement") with the company Mazowiecki Port Lotniczy Warszawa-Modlin sp. z o.o. ("MPL"). The Agreement concerns mutual claims of the Company and MPL covered by MPL's lawsuit against the Issuer for payment of PLN 34,381,374.64 and the Company's lawsuit against MPL for payment of PLN 19,892,366.30 related to the performance of the Contract for the construction of the aviation part of the Warsaw-Modlin airport (the "Contract"), about which the Company informed in the Current Report No. 56/2010 of September 14, 2010.

Pursuant to the Settlement Agreement, the Issuer shall be obligated to pay MPL the amount of PLN 21,697,809.43, as follows:

- a) the amount of PLN 2,197,809.43 shall be payable on the date of signing of the Settlement Agreement by deduction from the gross receivables of the Issuer resulting from the remuneration retained by MPL pursuant to the agreement concluded on December 19, 2017 in connection with the Issuer's lawsuit against MPL for payment of the retained remuneration due under the Contract, conducted before the District Court in Warsaw under (file reference XXVI GC 851/17)("Arrangement"), which shall constitute full settlement of the aforementioned Arrangement;
- b) the amount of PLN 12,000,000.00 shall be paid within seven days of the date of conclusion of the Settlement Agreement, and
- c) the amount of PLN 7,500,000.00 will be paid by January 20, 2024, with the proviso that if payment is made after this date, the Issuer will be obliged to pay interest at the rate of 12.25% (per annum) calculated from January 21, 2024 until the date of payment. The execution of the Settlement Agreement will have a significant impact on the Issuer's financial results and will result in a reduction of the Issuer's standalone and consolidated operating profit (EBIT) in Q4 2023, by the amount of the Settlement Agreement less the amount of PLN 5,000,000.00 to be paid to the ISSUER by the insurance company.

Under the Settlement Agreement, the Issuer and MPL also mutually waive all claims arising or which may arise under or in connection with the Contract, including in particular claims asserted in the Proceedings, whereby the waiver of claims by MPL was made conditional on the payment of the

aforementioned amounts by the Issuer - the waiver of claims with respect to the amount of PLN 14,197,809.43 will occur upon set-off and payment of the amount of PLN 12,000,000.00 referred to in (a) and (b) above, while the waiver of claims in the remaining scope will occur upon payment of the amount of PLN 7,500,000.00 referred to in (c) above.

Within 7 days of the conclusion of the Settlement Agreement, the Issuer and MPL will, inter alia, file the Settlement Agreement with the Court together with a request for its approval and apply for discontinuance of the Proceedings in their entirety. Upon final approval by the Court, the Agreement will have the legal force of a court settlement.

The conclusion of the Settlement Agreement by the Issuer with MPL definitively terminates all settlements and claims related to the construction of Warsaw-Modlin Airport.